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FOR IMMEDIATE RELEASE

Terry Goddard Announces \$1.5 Million Settlement over Misleading Business Claims

(Phoenix, Ariz. – June 12, 2008) Attorney General Terry Goddard today announced a \$1.5 million settlement with South Carolina companies JK Harris and Company, LLC, and Financial Recovery System, LLC, resolving allegations that they misled consumers about the services available through their businesses. Goddard joined 17 other state Attorneys General in this settlement.

JK Harris is a tax-relief company that claimed it could settle debts with the Internal Revenue Service for “pennies on the dollar.” Financial Recovery System is a credit-repair company that sent out bogus notices to make people think they needed credit help. Both have agreed to stop misleading consumers and pay \$1.5 million in refunds to consumers.

According to the complaint filed today, JK Harris allegedly did not help consumers with their tax problems as advertised and refused to give refunds when consumers complained that promised services were never completed. The complaint also claimed that Financial Recovery System attempted to frighten consumers into signing up for credit-repair services they did not need by sending them bogus notices about judgments against them. The company’s services violated state and federal credit-repair laws.

Today’s settlement resolves allegations that JK Harris regularly advertised that it could help people who owed back taxes to the IRS by filing an “Offer in Compromise” (OIC) on their behalf, enabling consumers to pay only “pennies on the dollar” of what they owed. JK Harris charged money upfront for this service without actually determining if consumers qualified for an OIC, or in some cases, while knowing that consumers didn’t qualify. The IRS approves only a small percentage of OIC filings each year.

Today’s settlement, in the form of a consent judgment, requires JK Harris to explain to consumers under what circumstances they would qualify to reach a compromise with the IRS on back taxes. The company will also make several reforms to its advertising and sales practices. The settlement bars Financial Recovery System from offering or performing credit-repair services that do not comply with state and federal laws.

Any Arizona consumer who entered into a contract with JK Harris or Financial Recovery System before today and filed a complaint with the Arizona Attorney General’s Office, the Better Business Bureau or the South Carolina Department of Consumer Affairs may be eligible for a

partial refund. Consumers who file a complaint within 90 days from today with the Arizona Attorney General's Office will also be eligible. Consumers can contact the Arizona Consumer Information and Complaints Unit at 602-542-5763 or in Tucson at 520.628.6504 for more information.

The companies will pay a total of \$1.5 million in refunds to consumers. The judgment also applies to Professional Fee Financing Associates, LLC, a related company that provided financing for consumer contracts with JK Harris.

States participating in the judgment with Arizona are Arkansas, California, Connecticut, Florida, Illinois, Maine, Massachusetts, Michigan, Minnesota, New York, North Carolina, Ohio, Pennsylvania, South Dakota, Tennessee, Vermont, and West Virginia.

The consent judgment was filed today in Maricopa County Superior Court and is awaiting court approval. Assistant Attorney General Cherie Howe handled this case.

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